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TAGS: [OPRC](#) [KMDR](#) [KPAO](#) [ECON](#) [CI](#)

SUBJECT: MEDIA REACTION - U.S. ECONOMY AND GLOBAL MARKETS

¶1. September 21, conservative, influential newspaper-of-record "El Mercurio," carried the editorial "International Economic Ups and Downs." Quotes follow:

¶2. "The drop in home sales and the price of real estate in the United States has been a strong blow for global financial markets.... The crisis originated in the loans granted to shaky debtors.... This was risky, but the last three years had become extremely attractive give the strong economic growth.... There is no question that rash decisions were made, ignoring the historical fact of economic cycles. But it is also true there were important innovations that have increased economic productivity.

¶3. "And it is precisely the strong capability of the U.S. economy to innovate that gives us a moderate degree of optimism that this crisis will be absorbed gradually and not become a deep recession.... The Federal Reserves has acted consistently and... the market had responded with enthusiasm, validating the theory that there will be a soft landing rather than an economic collapse. Consequently, the global economy can continue to expect relatively high growth, although less than the five percent expected for next year."

YAMAUCHI